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Message Text

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PAGE 01 KUWAIT 02970 151014Z

46
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 DODE-00 PA-02 PRS-01 AGR-10

FEA-01 INT-05 /127 W
---------- 057760
R 150905Z JUL 75
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 3335
INFO AMEMBASSY ABU DHABI
AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY LONDON
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN
USINT BAGHDAD

UNCLAS KUWAIT 2970

DEPT PASS TREASURY AND FRB

E.O. 11652: NA
TAGS: EFIN KU
SUBJ: POSSIBLE NEW FOREIGN BANK IN KUWAIT

1. WE HAVE BEEN HEARING RUMORS THAT LOWER GULF/SAUDI GROUP WILL BE ALLOWED TO ESTABLISH A BANK IN KUWAIT. SOME RUMORS REFER SIMPLY TO A BAHRAINI GROUP WHILE OTHERS INDICATE THAT A CONSORTIUM OF BAHRAINI, UAE, SAUDI AND PERHAPS QATARI BANKERS INVOLVED. NOT CLEAR WHETHER BANK WILL ALSO HAVE KUWAITI OWNERSHIP, BUT PRESUMABLE IT, LIKE OTHER COMPANIES HERE, WILL BE AT LEAST 51
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PAGE 02 KUWAIT 02970 151014Z

PERCENT KUWAITI OWNED.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

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2. COMMENT: IF RUMORS ARE TRUE, NEW BANK WILL BE FIRST FOREIGN OWNED BANK HERE SINCE BBME CONCESSION EXPIRED ABOUT THREE YEARS AGO. MORE SIGNIFICANTLY IT WILL REPRESENT AN EXCEPTION TO THE RATHER STRONG GOK POLICY AGAINST EVEN PARTIAL OWNERSHIP OF LOCAL BANKS. FYI MINORITY OWNERSHIP OF NON-BANK FINANCIAL INSTITUTIONS HAS BEEN ALLOWED. END FYI.

3. NOT CLEAR WHETHER RUMORS ARE INDEED ACCURATE, BUT THEY HAVE SOME CREDIBILITY BECAUSE SUCH A DEVELOPEMENT WOULD BE CONSISTENT WITH RECENT HIGH LEVEL EFFORTS BY GOK TO ENCOURGE CLOSER ECONOMIC COOPERATION AND COLLABORATION BY ARAB GULF STATES. MOREOVER, SINCE KUWAITI BANKING INTERESTS EXIST IN BAHRAIN, UAE AND OMAN, NOT SURPRISING THAT LOWER GULF ENTREPENEURS QUICKLY MOVING TO TEST KUWAITI BONA FIDES RE ECONOMIC COOPERATION. AS FAR AS WE KNOW, NO US INTERESTS WILL BE INVOLVED IN WHATEVER INSTITUTION IS CREATED, EXCEPT, PERHAPS, IN MANAGEMENT CAPACITY. WOULD BE INTERESTED IN ANY CORROBORATING INFO ADDRESSEES MAY BE ABLE TO PROCIDE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUWAIT02970
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750243-1141
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750756/aaaabxsw.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 11 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 FEB 2003 by ThomasVJ>; APPROVED <22 MAR 2004 by ShawDG>
Review Markings:

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US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE NEW FOREIGN BANK IN KUWAIT
TAGS: EFIN, KU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006